

Fiscal Estimate - 2015 Session

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

LRB Number 15-0162/1	Introduction Number AB-0749
Description Surplus retention limitations for providers of rate-based services purchased by the Department of Children and Families, the Department of Corrections, the Department of Health Services, or a county department of human services, social services, community programs, or developmental disabilities services	
Fiscal Effect State: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input checked="" type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div> Local: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex;"> <div style="width: 50%;"> 1. <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 50%;"> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> </div> </div> <div style="width: 33%;"> 5. Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> Towns <input checked="" type="checkbox"/> Counties <input type="checkbox"/> School Districts </div> <div style="width: 33%;"> <input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts </div> <div style="width: 33%;"> <input type="checkbox"/> Cities </div> </div> </div> </div>	
<div style="display: flex; justify-content: space-between;"> <div> Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS </div> <div> Affected Ch. 20 Appropriations </div> </div>	
Agency/Prepared By	Authorized Signature
DHS/ Michael Christopherson (608) 266-9364	Andy Forsaith (608) 266-7684
Date	
3/4/2016	

Fiscal Estimate Narratives

DHS 3/4/2016

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Assumptions Used in Arriving at Fiscal Estimate

This bill amends statutes governing contracts between the state or counties and private providers in human services.

Under current law, nonprofit, non-stock, rate-based service providers under contract with the state or county can retain up to five percent of the contracted amount if revenues exceed the cost of the services. The state or county specifies the maximum retention amount in its contract with the provider. The statutes allow providers to accumulate surpluses for multiple contract periods, so long as they do not exceed 10 percent of the amount of the provider's current contracted amount and use the funds only for the programs providers are contracted to provide.

The bill allows providers to retain "not less than 5 percent" of surplus amounts, rather than up to 5 percent, and removes the 10 percent cap on multi-year retained revenues. Under the bill, providers can use retained amounts for any services they provide and are no longer limited to using the funds for the specific program the funds were contracted for.

Through the Community Aids program and other grant programs, the Department provides funding for counties for human services for their residents. In addition, counties contribute substantial amounts of local tax levy funds for these services. This bill will increase costs to counties to the extent that providers are allowed to retain larger amounts and use them for purposes outside the county contract. While the Department does not have a total count of the number of rate-based contracts, it is assumed most county contracts for residential services are rate-based and fall under this provision. In 2014, counties reported spending \$166,791,500 on community residential services for the elderly, and people with disabilities, mental health, and substance abuse issues. If service providers increase their surplus retention by 2 percent, the costs to county human services departments will be approximately \$3,335,800. If the providers increase excess retention by 5 percent, the cost to county human services departments will be \$8,339,600. Given the Department generally funds counties through sum certain allocations, counties would need to cover these additional costs with a local tax levy or reduce services or clients served in other areas to offset the cost increase.

Long-Range Fiscal Implications